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steel and wire. He compares the cost of the raw material with that of the finished product in each case, the difference showing the cost of manufacture plus profit. The inference is that, when the margin between cost of raw material and selling price of finished product rises, profit increases. The figures seem to show in general that during periods of trust control the margin increases. This is not surprising; for the object of a trust or combination is to make profit, and periods of trust control often succeed periods of ruinous competition, when the margin has been so low as to wipe out all profit. In some cases it even appears that trusts are learning the wisdom of keeping prices reasonable, in order to discourage rivalry. This is the most hopeful sign in the present situation.

RICHMOND MAYO-SMITH.

The Distribution of Income. By WILLIAM SMART. New York, The Macmillan Company, 1899. — 341 pp.

This work affords an eminently sane and modern view of the distribution of the annual product of social industry. By reason of the clearness and the attractiveness of its style it will reach many readers and will perform the large service of extending and deepening the conviction that, whatever imperfections may exist in the process by which the social income is shared, there is a sound principle at the bottom of it. Incomes come from products, and are gauged, in amount, by the specific products of the agents that get them. We put something into a pool and draw something out of the pool, and nature does not regularly cheat us in the operation. There are employers who would gladly retain more than they do, but are not, in this respect, their own masters. They must engage in a neck-and-neck race of improvement, and they must be forever surrendering to others the lion's share of fruits. The mobility of the agents, labor and capital, causes a general diffusing of the gains that come to each agent in its entirety, so that no one class of laborers, for example, is favored greatly at the cost of others; and by means of an all-around improvement in the facilities for production and an accumulation of capital, all workers tend more and more to union. Trade unionism involves some disturbances, but does not annul the action of natural law; and the sound parts of the trade-union policy — those which make for the well-being of society — are the parts that, in an intelligent laborer's view, are beneficial to labor itself.

Among the striking minor features of the book is its representation

of the economic process as a circular flow of wealth through a series of concrete forms and through man himself. We produce, by putting matter through a series of transformations that reduce it, first to one form, then to another, and again to another; and ultimately we seemingly reduce it all to man. We cause it to exhaust itself in ministering to consumers; but this has an enabling effect on man as a worker, and makes it possible for him to put forth new energy. The wealth that exhausts itself in feeding him reappears from the effect of his work, much as the water of a river that has merged itself into the sea goes, through the agency of the sun and the atmosphere, back into the river again. There is, as we may note, an imperfection in the continuity of this flow of wealth; for by no means all the consumed goods are enabling agents and causes of a further creation of wealth. The prospect of future consumption is all a lure to present labor; but the present consumption is by no means all a cause of future labor. Teleologically, wealth is always a means and something subjective is an ultimate end. Within safe limits, however, the view of the perpetual flow of wealth and its unending return to its old channel is a useful one.

On pages 122 and 123 the author reasserts a view which he published earlier, that a *general* fall of prices could not be due to improvements in production unless

demand were to remain a constant quantity. . . . But as the population of the world is increasing fast, as its wealth and the exchanges of that wealth are increasing faster, and as entire nations are rising faster still from barbarism into exchanging communities, it is impossible that the increase of our precious metal money can be as great as the increase in the work that is being put upon it.

Evidently the earlier of these statements must be received with caution, and in the sense that the author wishes to have attached to it, rather than in the sense that the words themselves are able to convey; for it is improvements in production that are causing the increase in wealth to outstrip the growth of population, and it is a comprehensive improvement in the power of production that is translating savage nations to a higher economic plane. It is the failure to enlarge the stock of money in a way that would neutralize the effects of progress in other production that creates the effect of a scarcity of money. Methods of production have, therefore, a cardinal influence, even on general prices, though much of this influence is indirectly exerted.

JOHN B. CLARK.